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C O N F I D E N T I A L MUSCAT 000671

SIPDIS
PM/DTCC - BLUE LANTERN COORDINATOR TMAZZARELLI

E.O. 12958: DECL: 2019/06/28

TAGS: ETTC KOMC MU

SUBJECT: RESPONSE TO BLUE LANTERN LEVEL 3: PRE-LICENSE END-USE CHECK
ON APPLICATION 050151754

REF: STATE 30257

CLASSIFIED BY: L. Victor Hurtado, Charge d' Affaires, Department of State, Embassy Muscat; REASON: 1.4(B), (D)

¶1. (C) Embassy contacted the Royal Army of Oman and Hayut International in response to Blue Lantern pre-license end-use check for M-60 tank component parts (Reftel.) While Hayut International initially confirmed that it has distributed these parts to the Royal Army of Oman (RAO), the RAO denied purchasing the parts and receiving the order. Hayut later stated the transaction with Norcatec was never completed.

¶2. (C) Embassy Econ-commercial off and Mil official met April 22 with Yousef Mohamed Al-Farsi, Managing Director of Hayut International, in response to reftel. Hayut International LLC's main office is in the Al Khuwair neighborhood of Muscat, Oman. The office is quite large with several cubicles and photos are hung displaying pictures of people using military-related gear. No customers were in the office and neither were any employees other than Al Farsi and his secretary.

¶3. (C) According to Al-Farsi, Hayut International has been partnering with U.S. Seller Norcatec LLC since 2003. He pointed out that U.S. companies were not permitted to directly sell military items to the Ministry of Defense. Al-Farsi said that the company primarily functions as the middle man and is generally utilized as a consultant, noting that agent agreements are illegal in Oman. Hayut started as a telecommunications company.

¶4. (C) Ninety percent of Hayut's sales are military-related and the RAO is its primary customer. Al-Farsi said he works very hard to maintain good contacts within the military to obtain information on needs and potential contracts before the tenders are publicly advertised. He noted that he had to give a little, and intimated that he pays his military contacts for information. Al-Farsi formerly worked in the Omani Government in the Ministry of Transportation and Telecommunication and later began providing defense related equipment, primarily radio telecom equipment. Prior to 2005, Hayut was known as Al-Farsi Enterprises. Al-Farsi explained that he almost lost his business and was forced to register under a different name because someone revealed that he was buying equipment in Israel and then shipping it to South Africa to receive South African country-of-origin labeling. His business relationship with Israeli companies was exposed and his company was blackballed.

¶5. (C) Al-Farsi noted that the European companies are typically easier to work with and obtaining licenses from them is much simpler, but he prefers many U.S. products. He said Abu Sultan is

most likely his largest competitor and represents some French companies. Al-Farsi runs the company and makes most of the decisions. The company only has a handful of employees.

¶6. (C) Al-Farsi did not provide supporting paperwork during the Embassy's meeting verifying the receipt or shipment of M-60 tank spare parts for the Royal Army of Oman but he verbally confirmed that there was a shipment. He said the parts are usually trucked from the ship and sent directly to its end user. Hayut does not store them in a warehouse. Embassy's Office of Military Cooperation received a letter on May 23, 2009 from the RAO Logistics Office in response to the parts inquiry indicating that Hayut International LLC is well known and is registered by Oman's Ministry of Defense. However, the message said that RAO has not ordered M60A3 components from Hayut. Econ-commercial officer e-mailed Hayut in an attempt to clear up the discrepancy. Mr. Al-Farsi stated that he believed MOD sent requirements for the M-60 track shoe but the quote from Norcatec was too high and thus, Hayut went with an Asian distributor.

HURTADO